

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 3, 2020

CLERK OF COURT
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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2020-00252

For approval of a rate adjustment clause pursuant
to § 56-585.1 A 5 b of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On November 13, 2020, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") this petition ("Petition") pursuant to § 56-585.1 A 5 b of the Code of Virginia ("Code") for approval of a rate adjustment clause ("DR-RAC") to recover costs related to the Company's former and current peak shaving riders. Specifically, Appalachian requests that the Commission authorize the collection of a Virginia retail revenue requirement of \$6,748,421.¹ According to the Company, the proposed DR-RAC, if approved, will increase the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month by \$0.23.² Appalachian requests that the Commission authorize the DR-RAC to go into effect on August 1, 2021.³

Appalachian states that the amount requested is comprised of the following:

- \$1,053,876 of uncollected balances associated with the Company's Peak Shaving Demand Response Rider and Peak Shaving and Emergency Demand Response Rider;⁴

¹ Petition at 3.

² *Id.* at 1.

³ *Id.* at 6.

⁴ *Id.* at 2-3 (citing *Application of Appalachian Power Company, Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, for approval of demand response programs to be offered to its retail customers*, Case No. PUE-2011-00001, 2011 S.C.C. Ann. Rept. 417, Final Order (Sept. 12, 2011)).

- \$2,719,351 of costs through October 2020 of the Company's Rider D.R.S.-RTO Capacity;⁵ and
- \$2,975,194 of projected costs associated with the one customer currently subscribed to Rider D.R.S.-RTO Capacity through May 31, 2024, at which point the contract ends. These costs are comprised solely of bill credits for monthly demand credits net of any customer monthly or annual non-compliance charges.⁶

Appalachian also requests the Commission's approval to defer for future recovery the costs associated with the Company's Rider D.R.S., if the Commission approves the modifications in Appalachian's triennial review.⁷

Appalachian also requests that the Commission waive, in part, the portions of 20 VAC 5-201-60 and 20 VAC 5-201-90 of the Rules Governing Utility Rate Applications and Annual Informational Filings⁸ that require submission of Schedule 45 with this Petition.⁹ In support of its request for waiver, Appalachian states that the Commission has granted similar waivers in other petitions for rate adjustment clauses that do not include a return on investment, such as this one. In those cases, the Commission granted the waiver for purposes of commencing the proceeding and allowing other parties the opportunity to comment on the requested waiver, and the Company asks that the Commission do so here as well.¹⁰

⁵ Petition at 2-3 (citing *Petition of Appalachian Power Company, For approval to implement two demand response programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00118, 2016 S.C.C. Ann. Rept. 309, Final Order (June 17, 2016)).

⁶ Petition at 3.

⁷ *Id.* at 4.

⁸ 20 VAC 5-201-10 *et seq.*

⁹ Petition at 5.

¹⁰ *Id.* (citing *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUR-2019-00056, Doc. Con. Cen. No. 190640038, Order for Notice and Hearing (June 26, 2019)).

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Appalachian should provide public notice of its Petition; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Petition; interested persons should have an opportunity to file comments on the Petition or participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations. Additionally, we grant Appalachian's request to waive the filing of Schedule 45 for purposes of making the Petition complete and commencing this proceeding.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels.¹¹ The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.¹²

¹¹ See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

¹² See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties*

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

For clarification, we note that the proposed DR-RAC, if approved, would result in an increase to customer bills. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We responded to this economic emergency by, among other actions, suspending for approximately six months customer disconnections from utility service and directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnections. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2020-00252.
- (2) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").¹³ Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand

during COVID-19 emergency, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

¹³ 5 VAC 5-20-10 *et seq.*

deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.¹⁴

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(5) Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, the Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Petition, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Petition shall be convened telephonically at 10 a.m. on April 20, 2021, with no witness present in the Commission's courtroom.¹⁵
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before April 16, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the

¹⁴ As noted in the Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency.

¹⁵ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.

- (d) Beginning at 10 a.m. on April 20, 2021, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) A hearing shall be convened on April 21, 2021, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means to receive the testimony and evidence of the Company, any respondents, and the Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(7) An electronic copy of the Company's Petition may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or njcoates@aep.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before January 4, 2021, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF A PETITION BY
APPALACHIAN POWER COMPANY, FOR APPROVAL OF A
RATE ADJUSTMENT CLAUSE PURSUANT TO
§ 56-585.1 A 5 b OF THE CODE OF VIRGINIA
CASE NO. PUR-2020-00252

- **Appalachian Power Company ("Appalachian") requests a total of \$6,748,421 for a rate adjustment clause ("DR-RAC") to recover costs related to its former and current peak shaving riders. According to Appalachian, this amount would increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.23.**
- **A Hearing Examiner appointed by the Commission will hear public witness testimony on the case on April 20, 2021, at 10 a.m.; and testimony and evidence of the Company, Staff, and any respondents on April 21, 2021.**
- **Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.**

On November 13, 2020, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") this petition ("Petition") pursuant to § 56-585.1 A 5 b of the Code of Virginia ("Code") for approval of a rate adjustment clause ("DR-RAC") to recover costs related to the Company's former and current peak shaving riders. Specifically, Appalachian requests that the Commission authorize the collection of a Virginia retail revenue requirement of \$6,748,421. According to the Company, the proposed DR-RAC, if approved, will increase the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month by \$0.23. Appalachian requests that the Commission authorize the DR-RAC to go into effect on August 1, 2021.

Appalachian states that the amount requested is comprised of the following:

- \$1,053,876 of uncollected balances associated with the Company's Peak Shaving Demand Response Rider and Peak Shaving and Emergency Demand Response Rider;

- \$2,719,351 of costs through October 2020 of the Company's Rider D.R.S.-RTO Capacity; and
- \$2,975,194 of projected costs associated with the one customer currently subscribed to Rider D.R.S.-RTO Capacity through May 31, 2024, at which point the contract ends. These costs are comprised solely of bill credits for monthly demand credits net of any customer monthly or annual non-compliance charges.

Appalachian also requests the Commission's approval to defer for future recovery the costs associated with the Company's Rider D.R.S., if the Commission approves the modifications in Appalachian's triennial review. Interested persons are encouraged to review the Petition and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Petition and supporting documents and thus may adopt rates that differ from those appearing in the Company's Petition and supporting documents.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled public hearings on Appalachian's Petition. On April 20, 2021, at 10 a.m., the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On April 16, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On April 21, 2021, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, a hearing will be convened to receive testimony and evidence from the Company, any respondents, and the Commission's Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

Electronic copies of the Petition and other supporting documents, as well as the Commission's Order for Notice and Hearing, may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, 3 James Center, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or njcoates@aep.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before April 14, 2021, any interested person may file comments on the Petition either electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments or by filing such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case refer to Case No. PUR-2020-00252.

On or before February 10, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling or Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Such notice of participation shall include the email addresses of such parties or their counsel. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2020-00252. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before February 10, 2021, each respondent may file with the Clerk of the Commission, either electronically or at the physical address set forth above, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00252.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice, the Company's Petition, the Commission's Order for Notice and Hearing, and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

APPALACHIAN POWER COMPANY

(9) On or before January 4, 2021, the Company shall serve a copy of this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.¹⁶

(10) On or before February 1, 2021, the Company shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, and address of each official served.

(11) On or before April 14, 2021, any interested person may file written comments on the Petition by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00252.

(12) On or before February 10, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling or Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent

¹⁶ See the Commission's April 1, 2020 Order in Case No. CLK-2020-00007. *See supra* n.12.

simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00252.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of the Petition and this Order for Notice unless these materials already have been provided to the respondent.

(14) On or before February 10, 2021, each respondent may file with the Clerk of the Commission, either electronically or at the physical address set forth above, and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00252.

(15) The Staff shall investigate the Petition. On or before March 10, 2021, the Staff shall file with the Clerk of the Commission, its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Appalachian and all respondents.

(16) On or before March 31, 2021, Appalachian shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal

witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall simultaneously serve a copy of the testimony and exhibits on the Staff and all respondents.

(17) All documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.¹⁷ Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) The Company's request for waiver of the requirements of 20 VAC 5-201-60 and 20 VAC 5-201-90 with respect to Schedule 45 is granted as set forth in this Order for Notice and Hearing.

¹⁷ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search Cases," and entering the case number, PUR-2020-00252, in the appropriate box.

(20) This matter is continued.

A COPY hereof shall be sent by the Clerk of the Commission to: Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, njcoates@aep.com; James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215, jrbacha@aep.com; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219, MBrowder@oag.state.va.us.